



Senate Bill No. 65

Public Act No. 10-46

**AN ACT CONCERNING UNEMPLOYMENT COMPENSATION
EXTENDED BENEFITS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 31-225 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Each contributing employer who is subject to this chapter shall pay to the administrator contributions, which shall not be deducted or deductible from wages, at a rate which is established and adjusted in accordance with the provisions of section 31-225a, stated as a percentage of the wages paid by said employer with respect to employment. In no event shall any employer be required to pay contributions on any amount of wages for which said employer has previously paid contributions.

(b) Contributions shall be payable quarterly or for such shorter periods of not less than four weeks as the administrator may determine, provided no such contribution period shall include parts of two calendar quarters.

(c) Each contribution payment shall be made on or before the last day of the month next following the end of the period of employment with respect to which it is made. The administrator may make and

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publish regulations with reference to the details of the computation and payment of such contributions. Indian tribes or tribal units, which units include subdivisions, subsidiaries or business enterprises wholly owned by such Indian tribes, subject to subparagraphs (C) and (E) of subdivision (1) of subsection (a) of section 31-222 and this section after December 20, 2000, shall pay contributions under the same terms and conditions as all other subject employers, unless they elect to pay into the Unemployment Compensation Fund amounts equal to the amount of benefits attributable to service in the employ of the Indian tribe.

(d) In lieu of contributions required of employers subject to this chapter, the state shall pay into the Unemployment Compensation Fund an amount equivalent to the amount of benefits charged to the state as provided in section 31-225a, or may at its option make payments as provided in subdivision (1) of subsection (g) of this section for all regular and additional benefits, except that the state shall pay one hundred per cent of all extended benefits paid that are attributable to service in its employ. The amount of payments required under this section to be made into the fund shall be ascertained by the administrator as soon as practicable after the end of each calendar quarter and shall be payable from the General Fund of the state, except as provided hereafter. If a claimant to whom benefits were paid was paid wages by the state during the base period from a special or administrative fund provided for by law, the payment into the Unemployment Compensation Fund shall be made from such special or administrative fund with the approval of the Secretary of the Office of Policy and Management. The payment by the state into the fund shall be made at such times and in such manner as the administrator may determine and prescribe.

(e) In lieu of contributions required of employers subject to this chapter, Indian tribes, towns, cities and other political and governmental subdivisions of the state and of the towns and cities may

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pay into the Unemployment Compensation Fund an amount equivalent to the amount of benefits charged to such Indian tribe, town, city or other political or governmental subdivision as provided in section 31-225a, or may at its option make payments as provided in subdivision (1) of subsection (g) of this section for all regular and additional benefits, except that such entities shall pay one hundred per cent of all extended benefits paid that are attributable to service in their employ, provided Indian tribes shall determine if reimbursement for benefits paid is to be elected by the tribe as a whole, by individual tribal units or by combinations of the individual tribal units. The amount of payments required under this section to be made into the fund shall be ascertained by the administrator as soon as practicable after the end of each calendar quarter. The payments by such Indian tribe, town, city or political or governmental subdivision into the fund shall be made quarterly or at such times and in such manner as the administrator may determine and prescribe.

(f) Payment of any bill rendered by the administrator under subsection (e) of this section shall be made not later than thirty days after such bill was mailed to the Indian tribe, municipality or political or governmental subdivision concerned, to the chief executive officer, clerk or other official or office having charge of making disbursements, or to the official or office designated by the Indian tribe, municipality or political governmental subdivision as authorized to receive such notices. Payments made under the provisions of subsection (e) of this section shall not be deducted or deductible, in whole or in part, from the remuneration of individuals in the employ of the employer. Past due payments of amounts due hereunder or under subsection (e) of this section shall be subject to the same interest that applies to section 31-265 to past due contributions.

(1) Indian tribes or tribal units shall be billed for the full amount of benefits attributable to service in the employ of the Indian tribe or

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tribal unit on the same schedule as other employing units that have elected to make payments in lieu of contributions.

(2) Failure of the Indian tribe or tribal unit to make required payments, including assessment of interest and penalty, within ninety days of receipt of the bill, shall cause the Indian tribe to lose the option to make payments in lieu of contributions, as described in subsection (e) of this section, for the following tax year unless payment in full is received or a payment schedule has been approved by the administrator or the administrator's designee before contribution rates for the next tax year are computed.

(3) Any Indian tribe or tribal unit that loses the option to make payments in lieu of contributions due to late payment or nonpayment, as described in subdivision (1) of this subsection, shall have the option reinstated if, after a period of one year, all contributions have been made timely, provided no contributions, payments in lieu of contributions for benefits paid, penalties or interest remain outstanding.

(4) Failure of the Indian tribe or any tribal unit thereof to make required payments, including assessments of interest and penalty, after all collection activities deemed necessary by the administrator have been exhausted, may cause services performed for such tribe to not be treated as "employment" for purposes of subsection (a) of section 31-222.

(5) The administrator may determine that any Indian tribe or tribal unit that loses coverage under subdivision (4) of this subsection may have services performed for such tribe again included as "employment" for purposes of subsection (a) of section 31-222 if all contributions, payments in lieu of contributions, penalties and interest have been paid.

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(6) The administrator shall notify the United States Internal Revenue Service and the United States Department of Labor of: (A) Any failure of an Indian tribe or tribal unit to make payments required under this section, including assessments of interest and penalty, within ninety days of a final notice of delinquency; and (B) any termination or reinstatement of coverage made under subdivisions (4) and (5) of this subsection.

(7) At the discretion of the administrator, any Indian tribe or tribal unit that elects to become liable for payments in lieu of contributions shall be required, within sixty days after the effective date of its election, to: (A) Execute and file with the administrator a surety bond approved by the administrator, or (B) deposit with the administrator money or securities on the same basis as other employers with the same election option.

(8) Notices of payment and reporting delinquency to Indian tribes or tribal units pursuant to subsection (f) of this section shall include information that failure to make full payment within the prescribed time frame: (A) Shall cause the Indian tribe to be liable for taxes under the Federal Unemployment Tax Act; (B) shall cause the Indian tribe to lose the option to make payments in lieu of contributions; and (C) may cause any services performed in the employ of the Indian tribe to be excepted from the definition of "employment" as provided in subsection (a) of section 31-222.

(g) Benefits paid to employees of nonprofit organizations shall be financed in accordance with the provisions of this subsection. For the purpose of this subsection, a nonprofit organization is an organization or group of organizations described in Section 501(c)(3) of the Federal Internal Revenue Code which is exempt from income tax under Section 501(a) of said code.

(1) Any nonprofit organization which, pursuant to subdivision (1)

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(D) of subsection (a) of section 31-222 is, or becomes, subject to this chapter on or after January 1, 1971, shall pay contributions under the provisions of subsection (a), unless it elects, in accordance with this subparagraph, to pay to the administrator for the unemployment fund an amount equal to the amount of regular and additional benefits and of one-half of the extended benefits paid, that is attributable to service in the employ of such nonprofit organization. (A) Any nonprofit organization which is, or becomes, subject to this chapter on January 1, 1971, may elect to become liable for payments in lieu of contributions for a period of not less than one taxable year beginning with January 1, 1971, provided it shall file with the administrator a written notice of its election within the thirty-day period immediately following July 1, 1971. (B) Any nonprofit organization which becomes subject to this chapter after January 1, 1971, may elect to become liable for payments in lieu of contributions for a period of not less than twelve months beginning with the date on which it so becomes subject by filing a written notice of its election with the administrator not later than thirty days immediately following the date of the determination that it is so subject. (C) Any nonprofit organization which makes an election in accordance with subparagraph (A) or subparagraph (B) of this subdivision shall continue to be liable for payments in lieu of contributions until it files with the administrator a written notice terminating its election not later than thirty days prior to the beginning of the taxable year for which such termination shall first be effective, provided liability for payments in lieu of contributions shall continue for any benefits attributable to service in the employ of such organization while it was electing payments in lieu of contributions. For purposes of benefit ratio and for billing purposes, an organization which terminates its election of payments in lieu of contributions shall be treated as two separate employers. (D) Any nonprofit organization which has been paying contributions under this chapter for a period subsequent to January 1, 1971, may change to a reimbursable basis by filing with the administrator not later than thirty days prior to the

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beginning of any taxable year a written notice of election to become liable for payments in lieu of contributions. Such election shall not be terminable by the organization for that and the next year. (E) The administrator may for good cause extend the period within which a notice of election, or a notice of termination, must be filed and may permit an election to be retroactive but not any earlier than with respect to benefits paid after December 31, 1970. (F) The administrator, in accordance with such regulations as the administrator may prescribe, shall notify each nonprofit organization of any determination which the administrator may make of its status as an employer and of the effective date of any election which it makes and of any termination of such election. Such determinations shall be subject to reconsideration, appeal and review in accordance with the provisions of this chapter applicable to determination, appeal and review.

(2) Payments in lieu of contributions shall be made in accordance with the following provisions: (A) At the end of each calendar quarter, or at the end of any other period as determined by the administrator, the administrator shall bill each nonprofit organization or group of such organizations which has elected to make payments in lieu of contributions for an amount equal to the full amount of regular and additional benefits plus one-half of the amount of extended benefits paid during such quarter or other prescribed period that is attributable to service in the employ of such organization. (B) Payment of any bill rendered under this subsection shall be made not later than thirty days after such bill was mailed to the last-known address of the nonprofit organization or was otherwise delivered to it, unless there has been an application for review and redetermination in accordance with subparagraph (D). (C) Payments made by any nonprofit organization under the provisions of this subsection shall not be deducted or deductible, in whole or in part, from the remuneration of individuals in the employ of the organization. (D) The amount due specified in any

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bill from the administrator shall be conclusive on the organization unless, within the time prescribed in section 31-241 after the bill was mailed to its last-known address or otherwise delivered to it, the organization files an application for redetermination by the administrator or an appeal in the manner provided in sections 31-241 and 31-242 setting forth the grounds for such application or appeal. The administrator or referee, as the case may be, shall promptly review and reconsider the amount due specified in the bill and shall thereafter issue a redetermination or decision, as applicable in any case in which such application for redetermination or appeal has been filed. Any redetermination by the administrator shall be conclusive on the organization unless, within the time prescribed in section 31-241 after the redetermination was mailed to its last-known address or otherwise delivered to it, the organization files an appeal in the manner prescribed in sections 31-241 and 31-242, setting forth the grounds for the appeal. The decision of the referee shall become final on the twenty-second day after the date of its rendition unless the party aggrieved thereby, including the administrator, files an appeal in the manner provided in section 31-249, setting forth the grounds for the appeal. Redeterminations by the administrator shall be governed by the provisions of section 31-243. Proceedings on appeal to the unemployment compensation referee from the amount of a bill rendered under this subsection or a redetermination of such amount shall be in accordance with the provisions of section 31-242 and the decision of the referee shall be subject to the provisions of sections 31-248 and 31-249. (E) Past due payments of amounts in lieu of contributions shall be subject to the same interest that, pursuant to section 31-265 applies to past due contributions; an employer electing reimbursement is subject to the same penalties provided under this chapter as employers paying contributions.

(3) If the administrator at any time deems it necessary because of the financial condition of the organization, any nonprofit organization that

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elects to become liable for payments in lieu of contributions shall be required, within thirty days, to execute and file with the administrator a surety bond approved by the administrator or it may elect instead to deposit with the administrator cash or securities. The amount of such bond or deposit shall be determined in accordance with the provisions of this subdivision. (A) The amount of the bond or deposit required by this subdivision shall be determined by the administrator but shall not exceed a percentage of the organization's annual taxable payroll equal to the maximum rate that any employer liable for contributions during the year involved would have to pay for employment as defined in subsection (b) of section 31-222 for the four calendar quarters immediately preceding the effective date of the election, the renewal date in the case of a bond, or the biennial anniversary of the effective date of election in the case of a deposit of cash or securities, whichever date shall be most recent and applicable. If the nonprofit organization did not pay wages in each of such four calendar quarters, the amount of the bond or deposit shall be as determined by the administrator. The term "cash" includes certified or bank checks or other guaranteed instruments. (B) Any bond deposited under this subdivision shall be in force for a period of not less than two taxable years and shall be renewed with the approval of the administrator, at such times as the administrator may prescribe, but not less frequently than at two-year intervals as long as the organization continues to be liable for payments in lieu of contributions. The administrator shall require adjustments to be made in a previously filed bond as the administrator deems appropriate. If the bond is to be increased, the adjusted bond shall be filed by the organization within thirty days of the date notice of the required adjustment was mailed or otherwise delivered to it. Failure by any organization covered by such bond to pay the full amount of payments in lieu of contributions when due, together with any applicable interest and penalties provided for in subdivision (2) (E) of this subsection, shall render the surety liable on such bond to the extent of the bond, as though the surety was such organization. (C)

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Any deposit of cash or securities in accordance with this subdivision shall be retained by the administrator in an escrow account until liability under the election is terminated, at which time it shall be returned to the organization, less any deductions as hereinafter provided. The administrator may deduct from the cash deposited under this subdivision by a nonprofit organization or sell the securities it has so deposited to the extent necessary to satisfy any due and unpaid payments in lieu of contributions and any applicable interest and penalties provided for in subdivision (2) (E) of this subsection. The administrator shall require the organization within thirty days following any deduction from a cash deposit or sale of deposited securities under the provisions of this subparagraph to deposit sufficient additional cash or securities to make whole the organization's deposit at the prior level. Any cash remaining from the sale of such securities shall be a part of the organization's escrow account. The administrator may, at any time, review the adequacy of the deposit made by any organization. If, as a result of such review, the administrator determines that an adjustment is necessary, said administrator shall require the organization to make additional deposit within thirty days of written notice of determination or shall return to it such portion of the deposit as the administrator no longer considers necessary, whichever action is appropriate. Disposition of income from securities held in escrow shall be governed by any applicable provision of state law. (D) If any nonprofit organization fails to file a bond or make a deposit, or to file a bond in an increased amount or to increase or make whole the amount of a previously made deposit, as provided under this subdivision, the administrator may terminate such organization's election to make payments in lieu of contributions and such termination shall continue for not less than the four-consecutive-calendar-quarter period beginning with the quarter in which such termination becomes effective; provided the administrator may extend for good cause the applicable filing, deposit or adjustment period by not more than fifteen days.

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(4) If any nonprofit organization is delinquent in making payments in lieu of contributions as required under subdivision (2) of this subsection, and a bond or security as provided in subdivision (3) of this subsection has not been required, or required and not filed within thirty days, the administrator may terminate such organization's election to make payments in lieu of contributions as of the beginning of the next taxable year, and such termination shall be effective for that and the next taxable year.

(5) Each employer that is liable for payments in lieu of contributions shall pay to the administrator for the fund the amount of regular and additional benefits plus the amount of one-half of extended benefits paid that are attributable to service in the employ of such employer. If benefits paid to an individual are based on wages paid by more than one employer and one or more of such employers are liable for payments in lieu of contributions, the amount payable to the fund by each employer that is liable for such payments, shall be an amount which bears the same ratio to the total benefits paid to the individual as the total base period wages paid to the individual by such employer bear to the total base period wages paid to the individual by all of the individual's base period employers.

(6) Any two or more employers that have become liable for payments in lieu of contributions may file a joint application to the administrator for the establishment of a group account for the purpose of sharing the cost of benefits paid that are attributable to service in the employ of such employers. Each such application shall identify and authorize a group representative to act as the group's agent for the purposes of this subdivision. Upon the administrator's approval of the application, the administrator shall establish a group account for such employers effective as of the beginning of the calendar quarter in which the administrator receives the application and shall notify the group's representative of the effective date of the account. Such

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account shall remain in effect for not less than one year and thereafter until terminated at the discretion of the administrator or upon application by the group. Upon establishment of the account, each member of the group shall be liable for payments in lieu of contributions with respect to each calendar quarter in the amount that bears the same ratio to the total benefits paid in such quarter that are attributable to service performed in the employ of all members of the group as the total wages paid for service in employment by such member in such quarter bear to the total wages paid during such quarter for service performed in the employ of all members of the group. The administrator shall prescribe such regulations as he or she deems necessary with respect to applications for establishment, maintenance and termination of group accounts that are authorized by this subdivision, for addition of new members to, and withdrawal of active members from, such accounts, and for the determination of the amounts that are payable under this subdivision by members of the group and the time and manner of such payments.

(h) Subsections (a) to (g), inclusive, of this section shall first apply to benefits charged with respect to benefits paid in benefit years starting on or after June 30, 1975.

(i) Notwithstanding any other provision of the general statutes to the contrary, any employer, individual, organization, partnership, corporation or other legal entity which engages, in any manner, in contract construction activity in this state and which has its base of operations and is incorporated in another state, shall furnish to the administrator before beginning any such construction activity, a bond, with a surety or sureties satisfactory to the administrator, in an amount to be determined by the administrator. The administrator shall adopt regulations, in accordance with the provisions of chapter 54, establishing the method for computation of such bond amounts. The use of such bonds shall be limited to payment for any unpaid

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unemployment compensation contributions, interest and penalties due from such contractor and attributable to such contracted work.